

# SECTION III

## Summary of Schedule of Prior Year Audit Findings



**Old Corner Bookstore Building**



**Old State House**

*Photograph by Steve Dunwell*



**Faneuil Hall**



**Old South Meeting House**



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**Summary Schedule of Prior Audit Findings**

*Report on Compliance and Internal Control in Accordance with Government Auditing Standards and the Requirements of OMB Circular A-133 and the Schedule of Expenditures of Federal Awards for the Fiscal Year Ended June 30, 2005.*

The following schedule contains the finding number and title, segregated by Commonwealth department, for each of the findings included in the fiscal year 2004 (FY2004) Report. If the finding repeated as a result of the fiscal year 2005 (FY2005) audit, the current year finding is referenced after the FY2005 status of the FY2004 findings. The letters under the heading Corrective Action indicate the following:

- F Full (the corrective action plan was fully implemented)  
P Partial (the corrective action plan was partially implemented and the finding repeated)

Department

Corrective Action

**Massachusetts Commission Against Discrimination**

Finding Number 1: Late Recording Of Fixed Assets F

**Division of Capital Asset Management**

Finding Number 2: Late Recording of Fixed Assets F

**Department of Mental Retardation**

Finding Number 3: Collection of Accounts Receivable Needs Improvement P-1  
Procedures have been developed to deal with deceased customer accounts and collection and write off procedures. DMR is in the process of collecting the outstanding client account.

**Department of Social Services**

Finding Number 4: Internal Controls over Fixed Assets Need Improvement P-2

The department has made significant progress towards the implementation of the Corrective Action Plan for the finding. While the hiring of an additional staff person to support the inventory process has not yet occurred, approval has been obtained and this process should move forward during the summer months. In the interim, these functions have been managed by a combination of existing Building Services and Help Desk staff and the Regional and Administrative Managers.

Progress towards completing the additional steps identified in the CAP for the finding is as follows: A baseline count of fixed assets of all DSS locations was completed during the period of 10/04 and 12/04. This information was submitted to the Central Office inventory. Coordinator and the existing inventory database were updated to reflect the results.

## Summary Schedule of Prior Audit Findings

Inventory tags were provided to all offices with instructions to apply all newly procured items required to be inventoried and report these items to the inventory coordinator for inclusion in the existing database.

Offices have been provided with instructions to submit the following information to the inventory coordinator for any new furniture procurements: copy of signed delivery slip, copy of MMARS encumbrance (PC) with accounting/commodity information, and a copy of the invoice.

DSS has procured new web-based asset management software that will enable the use of bar-coding technology to record and track all assets to be included in the inventory and eliminate the cumbersome process currently in place. Installation was completed during the week of May 23, 2005 and pilot use of the technology has begun at DSS Central Office. It is anticipated that during FY06, this technology will be used to manage assets at Central Office and a minimum of 2 of the DSS regions. As experience with the tool grows, use will expand to the remaining 4 regions, with a goal of statewide implementation completed no later than the 2nd quarter of FY07. The existing inventory process will be phased out as each new region is converted to the new system.

Throughout FY 05, a process has been implemented to remove unusable items from the existing inventory. The process includes the following steps:

The Regional, Area, or Central Office unit managers completes OSD Form 25 identifying items deemed unusable by the location, signs, and submits to Central Office inventory coordinator.

The inventory coordinator determines if there is a need for these items at another location. If yes, transfer is arranged; if no, the form 25 is submitted to the State Surplus Officer seeking approval to dispose of the items.

Upon receipt of the approval, arrangements are made to dispose of the surplus items.

### **Soldiers' Home in Holyoke**

Finding Number 5: Improvements Needed in the Reconciliation of Soldiers' Home Records to the Commonwealth's Accounts Receivable System

F

### **Office of Child Care Services**

Finding Number 6: Internal Controls over Travel Reimbursement Need Improvement

F

Finding Number 7: Internal Controls over Inventory/Fixed Assets Need to be Improved

F

### **Registry of Motor Vehicles**

Finding Number 8: Recording of Adjustments and Uncollectibles Needs Enhancements

P-3

The Registry has completed the adjustment of the of the BARS receivable to the recommended cap. The initial adjustment was completed in October of 2004 and has been periodically adjusted during this fiscal year to maintain that cap.

The Registry has continued to pursue guidance from the Comptroller's Office to determine the proper procedure to writing off old receivables while maintaining the citation record on a driver's driving record. The RMV is sure this can be accomplished in new MMARS without having to eliminate the citation from the driver record and will complete the write offs as soon as the Comptroller's Office confirms the process.

### **Office of State Treasurer**

Finding Number 9: Office of the State Treasurer's Use and Reconciliation of Float Fund

P-4

The first stage of the corrective action plan was the cutover from the "Old Float Fund" designated as Fund 613 on MMARS and 0613 on NewMMARS to the "New Float Fund," 0614. Fund 0614 includes subfunds based on bank accounts, but the cutover was not straightforward because many

## Summary Schedule of Prior Audit Findings

of those bank accounts included activity from fiscal year 2004 and 2005 simultaneously. This was particularly true during the month of July, so many adjustments had to be made to the original bookings to funds 0613 and 0614 based on these timing errors. Complicating factors during this time period included:

- The NewMMARS paid check functionality is currently not being used. Initial plans for reconciling between 0613 and 0614 assumed the use of this functionality, so adjustments had to be made.
- The accounts payable period activity was done in fund 0614 not 0613

Following the startup period for NewMMARS efforts have been made to reconcile fund 0614 regularly on a going forward basis. The following sub-funds have been reconciled through the end of March: 0026 – ACH Settlement Account, 0083 – Bond Account, 0117 – Tax Shelter Annuity, 0125 – Legislative Travel, 0133 – State Retirement, 0158 – Teachers Retirement, 0174 – Legislative Payroll, 0182 – HR/CMS Payroll, 0398 – NewMMARS DMA Medicaid, 0505 – NewMMARS Vendor.

Five sub-funds still have not been reconciled as of March 31, because they involve more significant timing and other adjustment issues. However, significant adjustments have been identified and in some cases booked in these funds.

Several bank accounts and corresponding subfunds of fund 0614 are operated by outside agencies, such as DOR and RMV. In addition to TRE not having access to the individual check issue files of these agencies, efforts to reconcile these accounts is often complicated by unique methods used by the agencies in posting information about the payments to MMARS, either in terms of timing or through aggregate methods such as memo posting. We have just started working with outside agencies. The Department of Revenue has begun its reconciliation process and a letter has been sent out to all agencies that have sub-funds in fund 0614. It is expected that in FY06, these accounts will either be reconciled independently of float or be shut down and business moved to direct MMARS payments.

The target date for completing these reconciliations is September 15. With the exception of Fund 0613 and Fund 0614-0059, we hope to complete all other reconciliations by September 1. These funds must be reconciled last because any miscellaneous adjustments or errors will default to these funds.

### **Bridgewater State College**

Finding Number 10: Internal Control Plan in Need of Improvements

P-5

BSC has updated its internal control plan to include a high level summarization on a department wide basis of the College's risks which included identifying controls that were generally in place within various areas of operations. There areas included the procedures for implementing the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring).

### **Roxbury Community College**

Finding Number 11: Non-Appropriated Fund Activity and Balances not Reconciled in a Timely Manner

P-11

The Trust Fund entries through period 11 (May 31st) have been input in MMARS. Since docdirect no longer provides a monthly report to be used for a monthly reconciliation, the College has prepared a continuous side-by-side comparison listing of transactions of MMARS trust fund entries and College trust fund entries. The total of each revenue code and subject code for both MMARS and College are shown and the reconciling entry, if any, is calculated.

Finding Number 12: Inadequate Controls over the Payment of Reggie Lewis Center's Utility Bills

F

### **Springfield Technical Community College**

Finding Number 13: Improvements Needed in the Reconciliation of College Records to the Commonwealth's Accounts Receivable System

P-12

## Summary Schedule of Prior Audit Findings

The College has not been able to comply with the BARS monthly posting requirement due to workload issues resulting from the unexpected loss of two key staff individuals in the Accounting Department in December 2004.

However several adjustments to RE documents were made during the fiscal year that reflect the Student Account Billing, Payment and Receivable activity for the year.

During Fiscal 2005 the College did submit a write off request to the State Comptroller's Office and it was approved for write off.

The College is in the process of making some changes to the Accounting Department workload and a new individual will be trained to maintain the monthly BARS reporting and compliance starting in July 2005.

### Worcester State College

Finding Number 14: Noncompliance with Chapter 647 of the Acts of 1989 Reporting Requirements P-13

During FY 2005 the college has put in place a system to report all lost or stolen property or funds to the Office of the State Auditor in accordance with Chapter 647 of the Acts of 1989.

During the academic year, employees were reminded of their obligation to secure equipment and valuables in their possession.

During FY 2005 we have proceeded with the OneCard implementation process. Beginning July 1, 2005, we will begin phase III of this implementation. Phase III is the security access installation for buildings on lower campus. During this phase the academic and administrative buildings will be evaluated and fitted with enhanced security access systems.

### Office of the Comptroller

Finding Number 15: Excess Indirect Costs Charged not Adjusted in a Timely Manner- F

Finding Number 16: Additional Costs Included in the Statewide Cost Allocation Plan F

Finding Number 17: Documentation Supporting the Statewide Cost Allocation Agreement Needs Improvement P-16

The supporting documentation for the SWCAP will include the recommendations identified in Finding #16 of the FY2005 audit. This additional information will be developed beginning with the FY2006 SWCAP.

### Department of Education

Finding Number 18: Inadequate Administrative Expenditures Procedures P-22

Regarding the exceptions mentioned in this finding were items that were processed using our budgeting method for allocating costs relating to multiple programs. This practice has ceased starting with FY2005 with the implementation of our cost allocation plan. These types of transactions will not reoccur.

Regarding the phone expenses for international calls, we have discussed with the appropriate staff in particular and all staff that review invoices in general to ensure greater vigilance with the review of these documents to ensure compliance with procurement and payment regulations.

Regarding the travel vouchers authorizations; we have reviewed the approval levels for these instances and have changed the signature approval level for expenditures where appropriate. We have additionally held group of individual training to re-emphasize to all what the process is and who is authorized for certain functions.

Finding Number 19: Cost Allocation Plan Needed F

## Summary Schedule of Prior Audit Findings

### Finding Number 20: Vocational Education Program Maintenance of Effort Requirements not Met P-18

The Department was fully aware that the State would not be able to meet the FY2004 Vocational Education (Voc Ed) maintenance of effort due to the State's budget deficit in FY2003 and the reduction to the Department's state funding from FY2002 to FY2003.

We requested a one -year waiver to the Voc Ed maintenance of effort from Secretary Paige in March of 2004 as allowed in Title III, part A, Section 311 (b) (2) of the Carl D. Perkins Vocational and Technical Education Act of 1998. Subsequently, USED requested additional information about the State's total revenues for fiscal years 1999 through 2003. The information was provided to USED in August of 2004. We have not received any further communications from USED regarding our waiver request.

It is anticipated that the State will not meet the FY2005 Voc Ed maintenance of effort given the budget cuts to elementary education in the two state appropriations (Foundation Aid and Regional Transportation) that are used to meet the annual maintenance of effort requirement. The two appropriations were reduced from FY2003 to FY2004 by \$151 million and \$15 million, respectively.

### Finding Number 21: Reallocation of Title I Funds in Excess of the 15% Carryover and Measurement of Local Education Agency (LEA) Cash Needs Improvement P-20

The Title I office, through numerous workshops, mailings, and other communications, strongly urged recipients to submit grant final reports on time, and to closely monitor spending to avoid excess carryover as much as possible. Waivers were granted where appropriate, excess funds were returned in a much more timely manner, and funds were made available for reallocation.

Grants Management noted an increase in the number of grant reports submitted on time, and a decrease in the number reporting and seeking waivers for excess carryover.

We have initiated discussions with the US Department of Education regarding cash awards to sub grantees and were referred to EDGAR Part 80: Subpart C; Section 80.20 (a)(7) Cash Management. We consider that "reasonable procedures" have been established and followed for sub grantees since neither we nor they have ever been subject to citations on this topic. The findings as stated in their titles have been addressed. We also contend that regardless of how we fund the sub recipients that these two issues are separate from an "excess cash" issue and have been dealt with as such.

We are also of the opinion that the cash flow and granting issue is so central to our overall operations and is by itself so important that it should be discussed and debated solely on it's own merits, and not as a mere subcomponent of another topic. The stand-alone issue of our granting process has never been listed as a finding in an audit report.

Any underlying questions on the system would exist irrespective of the issues that caused the two prior year findings.

### Finding Number 22: Questionable Advance to a Local Education Agency (LEA) F

### Finding Number 23: Improvements Needed in the Calculation of Adequate Yearly Progress (AYP) F

## Department of Revenue/Child Support Enforcement

### Finding Number 24: Ineffective Case Tracking and Management System P-28

The Division implemented the case ownership model in January and February of 2005. There are three categories of case ownership, one for cases who need a child support order established; one for cases where an order exists; and one for cases where another state is involved in the case because one of the parties lives outside of Massachusetts. A series of meetings have been held with managers, supervisors and line staff to review implementation issues.

## Summary Schedule of Prior Audit Findings

The Division has contracted with a vendor to provide additional electronic locate services. We have sent a total of 22,000 individuals for research, including custodial and non-custodial parents. We have received new information back on 13,500, including 2,000 reported as being deceased. It is too early to have a full assessment of the project. We are comparing the information returned with prior location attempts to review the contract's effectiveness; the early results have been encouraging.

The Division has signed a Statement of Work with a vendor to design and implement automated workflow management, imaging and documents generation and management. This will route work more efficiently to case workers, improve supervisory oversight, strengthen quality control and provide management and staff with more real time information about case status and what actions are needed on a case. An imaging/document management system that electronically captures, stores, retrieves and distributes documents and the data on those documents will streamline case processing activities, minimize manual data entry, allow CSE to address customer issues quickly by providing direct access to documents and eliminate the search for paper. The benefit of imaging/document management will cut across all offices/units within CSE as workers from across the state can easily access the same document. The imaging/document management system will be integrated into CSE's automated system, COMETS, so that workers can retrieve documents without leaving the main system, thereby providing all necessary information at a glance. Workflow support will be incorporated to route documents and direct completion of tasks, enabling CSE to respond better to parents' requests for service.

Workflow support will be incorporated into the imaging/document management system mentioned above and will enable CSE to implement the redesigned business processes to increase staff efficiency and timely response to need for action. Most child support work is organized around document management, tracking and imaging systems can be tailored to support this kind of activity. Workflow tools provide structure, efficiency, and accountability to business processes by enforcing rules for the routing of documents/information and the completion of associated tasks. Federal regulations mandate that child support cases be processed according to federal timeframes and that the worker must be automatically notified of the next appropriate action when manual intervention is required. By utilizing these workflow tools, CSE can ensure that all federal timeframes and regulations are met. In addition, the imaging/document management/workflow system will be integrated into the COMETS mainframe so that automated processes can be utilized whenever possible and will be seamlessly integrated into the manual processes. By streamlining workflow and ensuring that appropriate steps are taken in a case, CSE will be in a strong position to improve on five key federal performance measures that maximize the amount of federal incentives returned to the state, while better serving the customer's needs. Work started in late June with a completion date of 14 to 18 months out.

The Division has started a detailed review of all interfaces with partner agencies with an emphasis on state human service agencies such as the Department of Transitional Assistance, Department of Public Health, Department of Social Services and MassHealth. The state's Executive of Human Services has assigned a project manager to assist the Division in writing business requirement for the interfaces and to assess the human services agencies' readiness to modify their interfaces.

To support the workflow management and interface project, the Division has obtained longer term financing for these project through the state's information technology bond fund.

### Department of Public Health

Finding Number 25: Independent Peer Reviews not Conducted

F

### Massachusetts Highway Department

Finding Number 26: Subrecipient Identification and Award Documents Need Improvement

P-43

Mass Highway is using standard contract language in all new subrecipient agreements, including program name, identifying CFDA number, and audit requirements.



## Summary Schedule of Prior Audit Findings

Finding Number 27: Monitoring of Davis -Bacon Compliance Needs Improvement F

Finding Number 28: Inaccurate Recording of Payroll, Accrued Leave and Relocation F

### Department of Social Services

Finding Number 29: Timeliness of Criminal Offense Record Information (CORI) Checks Needs Improvement P-31

FY2005 has seen the development and implementation of certain BRC/CORI related enhancements to the Department's FamilyNet system. These include the automatic generation (absent the need of a staff member needing to create the request) of certain types of BRC/CORI Requests. The requests being automatically created by FamilyNet include the registration of Interest Requests when prospective new foster or adoptive resource records are being added to the resource system and requests for updated BRC/CORI checks when the current foster and adoptive resources have new household members added to the records. Additionally, programming edits have been fully taken effect that prevent home study approvals from being entered into FamilyNet on resources where the most recent BRC/CORI Request is more than 45 days old. This change necessitates the requesting and processing of a new BRC/CORI check in order to get the home(s) approved in FamilyNet. These changes coupled with the continued production of the DSS RTP 195 report each month, the subsequent preparation and distribution of Area and Region specific detailed reports and the follow-up by field office staff have contributed to the continuing decline in the number of foster and adoptive resources that have not been subject to BRC/CORI checks or that have checks that are overdue. To illustrate, the DSS RPT 195 for the date of May 2, 2005 noted 33 of 4606 (0.0072%) of listed providers having overdue BRC/CORI Request Checks, with 26 of them being one month or less overdue and only one (1) provider with an active placement Service Referral in a foster resource that has not been subjected to a BRC/CORI check (this provider is in North Carolina and subject to procedures covered by the Interstate Compact). As of June 1, 2005 a review of our data reveals that there were no overdue BRC/CORI report checks.

Similar efforts have been made to address the issue of concentrated foster care resources that have not been subject to BRC/CORI checks or that have checks that are overdue. Integrated Planning staff, Information Technology staff and BRC/CORI unit staffs continue to work closely to adapt the DSS RPT 196 report in order to accurately reflect provider compliance. (For example, changes instituted in April improved the validity of information available about active foster homes.) In addition, a series of trainings have been held with provider agencies to make sure that provide staff are aware of the requirements and are utilizing the DSS FamilyNet System correctly. The DSS RPT 196 report continues to be produced monthly, and is broken down by provider agency. These provider specific reports are then sent to each concentrated provider by the Integrated Planning Unit with the follow-up telephone calls to assess provider follow through. The DSS RPT 196 for the date of May 2, 2005 shows 52 of 1728 listed providers (3%) having BRC/CORI request checks overdue for one month or more. In March 2004, this same report had shown 12% of providers with BRC/CORI requests checks overdue for one month or more. This percent was reduced in September 2004 to 9%. The drop of 3% in May 2005 shows an encouraging continuation in the decline of overdue BRC/CORI request checks. The May 2, 2005 report also shows 4 providers with active placement service referrals in a resource that had not been subject to a BRC/CORI check. All 4 situations have either been resolved or are in the process of being resolved. (The BRC/CORI on one has been completed; the second is no longer an active resource; the third did have a BRC/CORI check requested but had made the request under the name of the spouse- the provider is rectifying this; and the fourth was listed in error and has been removed from the list.)

Program design work on our new Family Networks contracted system includes efforts to even further improve provider compliance with BRC/CORI requirements by improving provider access to our FamilyNet system.

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### Finding Number 30: The Process for Home Licensing Needs Improvement

P-32

July 2005 Update: During the past year, significant enhancements to the family resource windows in FamilyNet have been implemented. These enhancements directly facilitate or simplify the input of information into the system, improve data extraction from the system, or auto-generate annual functions (which previously required annual staff entry). The coordination of the continued enhancement to both the FamilyNet system and the reports generated from FamilyNet continue between the IT department and the Adoption and Foster Care staff.

Foster Care and Adoptive staff from Central Office meets regularly with Regional and Area staff to review reports and the family resource reports are sorted and distributed to the family resource filed staff and managers on a monthly basis. Central family resource staff has trained regional and area staff in utilization of the reports and continue to meet regularly to review recommendations regarding enhancements to FamilyNet and the reports. Central, regional, and area staffs are utilizing the family resource reports both to assure compliance with regulation is met and to plan workload for staff.

Six recruitment Supervisors have been hired and have begun work with the field to recruit foster families to meet the targeted placement needs of the offices. Additional support regarding recruitment should be implemented shortly which will allow area staff greater time availability for completion of family resource task requirements.

### Finding Number 31: Controls Over FamilyNet and Home Licensing Report Data Need Improvement

P-30

July 2005 Update: During the past year, significant enhancements to the family resource windows in FamilyNet have been implemented. These enhancements directly facilitate or simplify the input of information into the system, improve data extraction from the system, or auto-generate annual functions (which previously required annual staff entry). The coordination of the continued enhancement to both the FamilyNet system and the reports generated from FamilyNet continue between the IT department and the Adoption and Foster Care staff.

Foster Care and Adoptive staff from Central Office meets regularly with Regional and Area staff to review reports and the family resource reports are sorted and distributed to the family resource filed staff and managers on a monthly basis. Central family resource staff has trained regional and area staff in utilization of the reports and continue to meet regularly to review recommendations regarding enhancements to FamilyNet and the reports. Central, regional, and area staffs are utilizing the family resource reports both to assure compliance with regulation is met and to plan workload for staff.

Six recruitment Supervisors have been hired and have begun work with the file to recruit foster families to meet the targeted placement needs of the offices. Additional support regarding recruitment should be implemented shortly which will allow area staff greater time availability for completion of family resource task requirements.

### Finding Number 32: Non-Compliance with Legal Requirements for Open Fair Appeal Hearings

P-29

The Department requested an additional 3 fair hearing officer positions in the FY06 budget. To date that request has been supported and funding has been allocated for these positions in FY06 through the Senate Ways & Means budget. The final state budget is currently in conference.

The Department set up a 6-month sabbatical opportunity for agency supervisors to work in the Fair Hearing unit. The posting for this position was sent out Mid May and the agency is awaiting responses.

The Department was not able to resolve all of the cases requested prior to 2001. There remain just over 100, the majority of which are special investigations unit cases. The cases from SIU are prioritized based on whether the agency decision had a direct impact on a person's job or whether the decision involves the removal of a foster child. Therefore, if a request on a SIU case is made

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in 2005 that impacts a person's job, that request will take priority over a request from even 2001 that did not impact a person's job.

The Department is utilizing the monthly doc direct report to check for and correct data errors. To help in preventing one common error, the fair hearing unit worked with the IT unit to develop an edit to prevent duplicate docket numbers from being entered.

Finding Number 33: Improvements Needed for the Documentation of Judicial Determinations F

### Executive Office of Health and Human Services

Finding Number 34: Untimely Filing of Plan of Care and Level of Care Documents F

Finding Number 35: No Communication of Feasible Alternatives F

Finding Number 36: Draw Downs of Federal Cash Need Better Monitoring F

Finding Number 37: The Recording of Aged Accounts Receivable Needs to be Reviewed on a Timelier Basis F

Finding Number 38: Procedures Used in the Preparation of the Information for GAAP Reporting Purposes Need to be Documented F

### Department of Elder Affairs

Finding Number 39: Federal Reports were not Reconciled with the Commonwealth's Accounting System F

Finding Number 40: Fiscal Year 2004 Cost Allocation Plan not Finalized P-24

A DCAP plan was submitted to the Office of the State Comptroller for 2004. A revised DCAP plan and methodology is being prepared with assistance from Public Consulting Group, Inc. Elder Affairs anticipates submission for methodology approval within the next few weeks. A final methodology for 2005 will be established shortly. The methodology for 2006 has already been developed and has been submitted to DHS for approval.

Finding Number 41: Monitoring of Area Agencies Needs to Continue to Improve F

Finding Number 42: Monitoring of Audit Findings Relating to Area Agencies on Aging Needs Improvement P-25

The planned consolidation of UFR/Audit review functions with standardized vendor risk indicators is not yet complete. EOHHS has established the indicators and are in the process of implementing Provider Data Management (PDM). PDM collects and reports baseline demographic, contract and service data associated with each Purchase of Service Provider. Additionally, functionality of the system includes connection to Office of the State Comptroller's UFR database. Each vendors UFR is scored against a series of vendor risk indicators electronically. Staffing of the central audit unit has not yet been completed. Elder Affairs Director of Accounting & Contracts recently completed a review of POS vendor UFR's to identify any findings. Those items are presently under review. Formal review of provider audit findings and UFR submissions is being conducted by the Federal Grants Accountant/Contracts Manager.

Finding Number 43: Lack of Documentation to Support Payroll Charges to Federal Awards P-26  
The missing retired employee physical records were not recovered. At the time of the audit, Elder Affairs was undergoing two changes:

Physical and operational consolidation of Human Resources operations from Elder Affairs to the Executive Office of Health & Human Services. This included the boxing and physical relocation of all employee records to 600 Washington St, Boston, MA.

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Elder Affairs conducted substantial physical office renovations to the entire office. This involved temporary physical relocation of all filing systems.

We acknowledge that we are unable to find the retired employee's physical record as a result of our renovation and human resource consolidation efforts last year. We believe that the payroll documentation which exists within the Commonwealth's Human Resource data system (HRCMS) and the internal controls which govern all Commonwealth employee payroll transactions are sufficient evidence that the payroll costs were incurred and were applied appropriately to Ana specific activities. We have verified that all active status employee records are safe and secure at our Human Resources office located at 600 Washington St, Boston, MA.

In a letter dated August 10, 2005, Elder Affairs notified Ms. Irma Tetzloff, Acting Regional Administrator of the Administration on Aging of this status and stated that we "respectfully request that you reconsider Finding Number 43 which includes a repayment of \$10,000 to reconcile payroll charges associated with the retired employees' expenses for the audit period. We would be happy to provide period specific payroll information from HRCMS for your review as directed." To date, Elder Affairs has received no formal written response to this request.

### Executive Office of Public Safety

Finding Number 44: Contract and Payment Vouchers not in Compliance with Commonwealth Policies	F
Finding Number 45: Salaries Allocated to Federally -Funded Programs are not Supported by Proper Documentation	P-42
Due to NewMMARS and additional staff turnover in the position identified to be responsible for tracking percentage changes as written in by staff, the EOPS did not monitor employee sign in for the first half of SFY05. However, a letter from EOPS senior staff was written to all EOPS staff to request that staff sign off on the percentages budgeted for the year as accurate, or if not accurate to amend the letter.	
Finding Number 46: Excess Federal Cash on Hand at Grantor and Subrecipient Levels	F
Finding Number 47: Inadequate Supporting Documentation for Expenditures	F
Finding Number 48: Monitoring of Subrecipients Needs Improvement	P-41
The EOPS Programs Division continues to perform fiscal and programmatic site visits evaluations. The EOPS Programs Division continues to request and keep on file, A-133 reports for sub-grantees. However, the EOPS Programs Division has not developed a system to evaluate the A-133 reports and issue decisions on findings.	
Finding Number 49: Payment Vouchers Approved after Disbursement of Funds	F
Finding Number 50: Improvements Needed over Reconciliations	P-40
Many changes in the reconciliation process arose due to NewMMARS. The reports and spreadsheets the Program Division used to use are obsolete. There were no standardized reports until accounting period 10 for New MMARS. However, the EOPS has made the new drawdown process a section in the internal control guide, and will use the new system for all Fiscal Years going forward. The Program Division will utilize the accounts payable period to clean up the first 10 accounting periods of SFY05.	
Finding Number 51: Federal Investigation of Byrne Formula Grant Activities	F
Finding Number 52: Internal Controls over Federal Draw Downs Need to be Improved	P-39
The Program Division has developed a bench marking report for homeland security funds, that is updated monthly and shows how much money has been spent, and how much has been drawn. If another situation arises where there are large discrepancies this report will show that.	

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The Programs Division has developed a database that will track all grants that come into EOPS and it has a section for all of the special conditions associated with the grant, a description of the special conditions, when it was cleared, and who cleared it. This data base will be used for SFY06 going forward.

### Office of Child Care Services

Finding Number 53: Internal Controls over Bill Payments Need Improvements

F

### Department of Transitional Assistance

Finding Number 54: Food Stamps Status of Claims Against Household Report Filed with Inaccurate Data

P-33

The Department agreed with the actions recommended by FNS and developed and submitted a Corrective Action Plan (CAP) to FNS (as amended October 8, 2004 and submitted to FNS October 13, 2004) to meet FNS requirements. It is the intent of this Department to fully comply with all applicable statutory and regulatory provisions to ensure that the Massachusetts food stamp recipient claims management system provides both an effective and efficient process for collecting overpayments. As such, the following describes the CAP provisions:

Finding 1: Over-Payment adjustments are incorrectly reported on Line 3b. Line 14 is incorrectly used to report payments from Electronic Benefit (EBT) accounts.

Corrections to the FNS 209 Report were completed and implemented with submission of the report for the 4th Quarter 2004 on November 8, 2004. The report was reviewed by FNS and accepted. This finding was reviewed by FNS in February 2005 and closed by FNS on 4/2/05 because it was successfully completed.

Finding 2: BEACON systematically places numerous active food stamp debts "In Queue" rather than automatically collecting through allotment reduction. These claims are not being collected timely due to the "In Queue" status.

All food stamp claims in the "In Queue" status were identified.

Necessary systems changes to prevent inappropriate assignment to the "In Queue" status were implemented in the April 2005 BEACON release. This corrective action is complete.

Finding 3: BEACON is not updating information once claim and payment types transfer from one category to another.

Necessary systems changes and enhancements to modify the method used to change payment type based on eligibility were implemented with the April 2005 BEACON release. This finding was reviewed by FNS in February, 2005 and closed by FNS on 4/2/05 because it was successfully completed.

Corrections to the FNS 209 Report for transfers were completed and implemented with submission of the report for the 4th Quarter 2004 on November 8, 2004. This finding was reviewed by FNS in February 2005 and closed by FNS on 4/2/05 because it was successfully completed.

Finding 4: The Department does not establish claims on all overpayments discovered through the Quality Control system as required by 7 CFR 273.18(e)(2)(ii).

Internal management controls and procedures have been developed and implemented to pursue all overpayments identified through the Quality Control system. This finding was reviewed by FNS in February 2005 and closed by FNS on 4/2/05 because it was successfully completed.

Finding 5: The Department does not meet the requirements of 7 CFR 273.18(a)(3) which require results in claims collections similar to national rates of collection. The Department's collections declined by 47.48% between 2001 and 2003.

The Department has developed and submitted to FNS on July 8, 2005 a policy for terminating inactive accounts for review by the FNS and the Massachusetts Office of the Comptroller. This

## Summary Schedule of Prior Audit Findings

policy will be incorporated into the agency Claims Management Plan within sixty days from receipt of approval from the federal and state oversight agencies.

Subsequent to approval from FNS and the State Comptroller, the Department will evaluate all delinquent accounts against the write-off policy and provide a file of potential terminated claims to the Massachusetts Office of the Comptroller for approval by October 1, 2005.

A write-off policy for on-going claims management that meets FNS and state requirements will be developed and implemented within sixty days from receipt of approval from the federal and state oversight agencies.

Finding 6: The Department does not compromise claims as required by 7 CFR 273.18(e)(7). The Department reviewed state, federal, and department policy and completed an analysis of policy and operational requirements for review and approval by the executive staff in March, 2005. Revisions to Department policy will be drafted and distributed for public comment by September 30, 2005. By December 31, 2005, the Department will modify the agency Claims Management Plan.

Finding 7: The Department does not refer delinquent debts to the Treasury Offset Program (TOP) in a timely manner as specified in 7 CFR 273.18(n)(1).

The Department is committed to more frequent submission of delinquent debt to TOP and will certify delinquent debt on a semi-annual basis for claims submitted for the address request of January 2005 and July 2005. These claims will be processed using the current manual system. The first quarterly automated address submission will take place in October 2005.

Finding Number 55: The BEACON System Lacks the Appropriate Segregation of Duties F

### **Bunker Hill Community College**

Finding Number 56: Outstanding Checks Need to be Transferred to the Office of the State Treasurer's Unpaid Check Fund F

Finding Number 57: Controls Needed Regarding Distribution of College Work-Study Paychecks F

### **Bridgewater State College**

Finding Number 58: Fraudulent Time Records Submitted by a Student in the College Work-Study Program P-47

BSC updated its policies and procedures for the FWS Program. Included in these updates were steps to improve monitoring the awards to students, the status of the awards as the academic year progresses and the monitoring of timesheets for authorized signatures. These new policies and procedures require that the authorized staff deliver student timesheets to the FWS office (not the students), timesheets are only written in pen, and an authorized signature is maintained by the FWS office staff to ensure that all signatures are authorized. These updated policies and procedures were communicated to all College departments participating in the FWS program and staff were advised of their responsibilities with regard to payroll policies and procedures and student employees practices.

Finding Number 59: Student Loan Disbursement not Made in Required Timeframe F

Finding Number 60: Untimely Student Exit Counseling Sessions and Inadequate Coordination between College Departments for the Administration of the Federal Perkins Loan Program P-46

Bridgewater State College implemented special follow-up procedures to ensure that the exit interview counseling is provided to students ceasing to meet the enrolment requirements of the Federal Perkins Loan Program.

## Summary Schedule of Prior Audit Findings

1. Approximately one month prior to graduation, the Financial Aid Office sends letters to all students expected to graduate. FA office also e-mails all the borrowers the letters
2. The Perkins Loan Office requests from the Office of Student Records, a report of students expected to graduate. This request is made for graduations; January, May, and August. The Perkins Loan Office identifies the students who have been disbursed a Perkins Student Loan while enrolled at BSC.
3. The Perkins Loan Office submits a list of the Perkins recipients to the billing agency, the University Accounting Service (UAS). The Billing Agency sends an e-mail to the borrowers informing them it is time to log on the website stated in the e-mail and they are required to complete their exit counseling for the Perkins Loan. Disbursement/s received while enrolled at BSC. UAS sends an additional four e-mails to the borrower one week apart. If the borrower does not complete the on-line exit interview counseling after the fifth e-mail, UAS sends BSC the borrowers exit interview packet. BSC mails the packet to the borrower.
4. The Financial Aid Office specialist is developing a reliable report that will identify financial aid recipients who withdraw from BSC.
5. The Fiscal Affairs information technology liaison is examining records for the creation of a report.

Finding Number 61: Improvements Needed in the Implementation and Updating of Quality Assurance Systems for the Direct Student Loan Program

F

### Roxbury Community College

Finding Number 62: Roxbury Community College Administration Needs Improvement

P-51

A number of items are mentioned in Finding #62; a review of progress is as follows:

Timely reconciliation of non-appropriated funds and documentation of adjustments: This finding will be follow-up by the state auditor visit on August 29th. The college has entered the non-appropriated funds on MMARS this year and has reconciled them on a monthly basis even without the old MMARS report (H 110).

Full implementation of Jenzebar: All data is now entered into Jenzebar. The general ledger is operational and will be the subject of a follow-up visit by the state auditors on August 29th. The accounts receivable records have also been implemented; an accurate accounting of receivables is now available in Jenzebar.

Improve the administration, documentation, and oversight of SFA programs: Through cooperation with the Administrative Services and Enrollment Management Divisions, another quality check has been added to assure 100% compliance with high school diplomas or equivalents. After the start of each semester, the records of all admitted students will be reviewed for completeness. This data will be cross-checked with the admissions data in the Jenzebar system.

Admissions, Registrar, Information Technology, and the Financial Aid Offices along with the Vice Presidents continue to meet on a regular basis to review the processing of financial aid and enhancements and improvements related to this process.

Update of policies and procedures: The college crafted a revised policy for the payment of bills from the Reggie Lewis Track and Athletic Center last summer. This new policy has eliminated the utility bill issue in FY05 and has also increased the monitoring of the expenditures of this unit. In addition, the Internal Control Plan was amended twice this year to expand on the introduction and rewrite a procedure.

Remitting Employee withholdings: Since this task was assigned to the comptroller beginning in FY05 regular and timely payments have been made.